GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3351
ANSWERED ON:05.08.2016
SIDBI Funds
Tarai Smt. Rita

Will the Minister of FINANCE be pleased to state:

a) whether the Small Industries Development Bank of India (SIDBI) has proposed all State Governments to purchase the shareholdings of their respective State Financial Corporation (SFC);
b) if so, the details thereof; and
c) whether SIDBI inject funds in shape of additional equity capital in SFCs and if so, the details thereof?

Answer

(MINISTER OF STATE IN THE MINISTRY OF FINANCE)

(a) & (b): Yes Madam. SIDBI had written to the respective State Governments of the concerned SFCs to accept the offer to take over the shareholding of SIDBI in SFCs and to indicate the price of shares to enable SIDBI to take further action in the matter. As the shares of SFCs are not quoted, in accordance with the Reserve Bank of India (RBI) guidelines on Prudential Norms for Classification, Valuation and Operation of Investment Portfolio by Banks, "the unquoted equity shares or where current quotations are not available, should be valued at 'break up' value (without considering revaluation reserves if any) derived from the company's latest balance sheet". The Government of Kerala and West Bengal had indicated the rate for which SIDBI made counter offer at price based on RBI guidelines. None of the other State Governments have responded to SIDBI's offer/ letter.

(c): At present SIDBI does not have any proposal for infusion of additional equity capital in SFCs.
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